

27 JUL 1962

MEMORANDUM FOR: Director of Central Intelligence

THROUGH : Deputy Director (Support) *Answer, 27 July 62*  
Deputy Director of Central Intelligence

SUBJECT : Proposal for Establishing an Early Retirement Program by  
Adopting Appropriate Provisions of the Foreign Service Act

1. This memorandum requests your approval in principle of a proposal for establishing an early retirement program for the Agency based on the adoption of appropriate provisions of the Foreign Service Act and suggests action on your part in seeking an immediate reaction to this proposal from appropriate Congressional committees.

2. BACKGROUND AND STATEMENT OF PROBLEM

a. Need for Careerists.

For some years CIA has recognized that it faces a serious dilemma. On the one hand the nature of its mission requires the employment of very highly qualified and motivated people and their continuing training and development over the years in highly specialized and esoteric fields of endeavor. In brief, career employment for the majority of our personnel is essential.

To date the Agency has been most successful and fortunate in being able to attract a body of employees of outstandingly high quality and dedication. Our success in this respect is due in part to an aggressive and uninhibited recruitment program which has permitted us to seek out superior and well-motivated individuals and also in part to the inherent challenge and appeal of intelligence work. Lastly, the general atmosphere of international tension which has prevailed since World War II has stimulated the interest of young people with the qualifications needed by the Agency and has motivated them toward service with Government agencies engaged in international affairs or operations.

b. Inability to Provide Full Careers to Many Employees.

The other horn of our dilemma is our conviction that the Agency cannot reasonably expect from nor provide to a substantial percentage of its employees a full working career of thirty or so years. In part the stresses and strains inherent in the conduct of clandestine

operations will lead to motivational deterioration on the part of many. Others will in time find the hardships and inconveniences of a lifetime abroad no longer acceptable to themselves or their families. Many more will incur ailments or impediments of health which, although not disabling, will severely limit or even prohibit their utilization in overseas assignments. Other factors not related to the health or attitudes of the individual also dictate shorter career spans for many of these people. These factors include:

(1) Stringent conditions of service: The nature of the work involved in the Agency's overseas operations requires people who have a high degree of vigor, vitality, endurance, resilience, and adaptability--traits normally found in youthful individuals and tending to diminish with age. Such traits are required to cope with, for example, uneven and uncertain hours of work, duty in unhealthy locations with less than adequate medical facilities, and arduous and not infrequently hazardous assignments.

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c. Need for Manpower Controls.

From the foregoing it is apparent that there are many reasons why the Agency will find it increasingly necessary to control the age and other characteristics of its personnel engaged in intelligence operations. Insofar as possible imbalances should be corrected by reassignment to other types of work. It seems a certainty, however, that encouraged and induced attrition will be necessary to adequately control the situation.

Such a managed attrition program is only feasible if it is linked with a system of retirement and other benefits which at a minimum are sufficient to induce the average employee to take the risk that he may be one of those to suffer a shortened career.

The seriousness of this risk is greatly augmented by the difficulty which will normally be encountered by these people in effecting a career transfer from intelligence operations to other more normal government or commercial fields. As government employees they do not acquire status in the competitive service and are not immediately eligible for employment therein. A greater problem stems from the fact that Agency employment, particularly in intelligence operations, requires: (1) the acquisition and application of skills for which requirements in other Government or commercial fields of employment are either rare or non-existent, or (2) effectively prevents individuals from studying, practicing, or otherwise developing or retaining proficiency in an established occupation or profession, or (3) prevents the individual, for reasons of operational cover or security, from describing or confirming to a prospective employer the scope and level of his duties and responsibilities.

Finally, there is a general reluctance on the part of both Government and private employers to hire former Agency personnel because of their conviction that the employee may not have severed all official ties with the Agency. These conditions make it difficult for the individual who has become limited in assignability or unable to tolerate the restrictions of Agency service to make an occupational transfer to some other field of work.

d. Early Retirement as Remedy.

In summary, our need to attract and retain highly qualified and motivated careerists conflicts with our inability to provide full-term careers in many cases and with the need to have a system of managed attrition. In order to minimize the adverse effects of the latter on our ability to recruit and retain as long as needed personnel of the high caliber required, we must make reasonable provision for the future of those individuals separated before completing a full-term career. An early retirement program with immediate and equitable annuities appears to be the most satisfactory remedy.

3. CHOICE OF FOREIGN SERVICE RETIREMENT SYSTEM

All Agency employees are now covered by the civil service retirement system which has no adequate provision for an early retirement program. On the other hand, the Foreign Service retirement system contains adequate provision for an early retirement program and, as a general proposition, is more advantageous to employees whose careers are largely spent in service overseas. The principal advantage of the Foreign Service system is that it would permit deserving Agency employees to retire, either voluntarily or by Agency action, with equitable annuities at an earlier age and with less service than is required under the civil service system. In addition to providing benefits in payments which are generally greater than those now available to such employees, the Foreign Service retirement system would offer them better disability and survivor benefits and would guarantee them greater earning power if they should obtain other federal employment.

The Foreign Service retirement system is well-suited to the peculiar needs of CIA because it has for years proved effective under conditions of service which are quite similar although not as demanding as those in many of this Agency's activities. Finally, as a practical matter, it is doubtful that the Agency could successfully seek more liberal benefits than provided under Foreign Service retirement at least until such time as experience under the Foreign Service system might demonstrate that additional benefits are clearly necessary and justifiable.

#### 4. FORM OF LEGISLATIVE PROPOSAL

In our legislative proposal (Attachment A) we are amending the CIA Act of 1949 so that the Director of Central Intelligence would be authorized to establish a retirement system corresponding to the Foreign Service system for appropriate Agency employees. In addition, it will authorize the DCI to apply to Agency employees the travel and allowance sections of the Foreign Service Act most of which we now have in our Act. There is always some delay in getting these amended to keep them current with the Foreign Service Act and, by permitting us to adopt changes by reference to the Foreign Service Act, our amendment would enable us to update these sections without any delay.

#### 5. URGENCY OF IMMEDIATE ACTION

There have been several events in the past year or so which contribute to our conviction that we should seek authority for an early retirement program now. Principal among these is the current program for the separation of a substantial number of Clandestine Services personnel as surplus to our needs. This process has been effective in accomplishing its main objective, i.e., that of removing a substantial number of individuals of limited usefulness from the Clandestine Services, but its impact in some individual cases has been drastic. Further, it has magnified and personalized general feelings of uncertainty and insecurity among Agency employees which had already been stimulated by the after-effects of the Cuban and U-2 episodes. Announcement of an early retirement program at this time would provide tangible evidence of the Agency's determination to solve the problem of personnel made surplus through loss or limitation of usefulness by more humane means in the future. On a broader scale, it would assure employees of the concern at Agency and Executive level for their welfare.

#### 6. PLAN OF ACTION

The proposal that we seek authority to use the Foreign Service retirement system as appropriate to our needs has been coordinated with the Deputy Directors (Intelligence), (Plans), and (Research) and has their concurrence. It has also been discussed informally with Mr. Robert Amory, Bureau of the Budget, who indicated no objections. Finally, we have met with appropriate officials of the State Department and have their assurance that they have no objection to our proposal and their offer of assistance in developing detailed supporting data if required.

Since Congress is virtually on the eve of adjournment, it is difficult to predict whether we have any chance of getting our proposal considered and acted upon in this session. However, this is our goal and we believe that the only possibility for achieving it is for you to take the matter up in general terms when you next meet with the CIA Subcommittees of the House and the Senate Armed Services Committees. Assuming that they do not advise against doing so, we would then present a formal proposal to the Bureau of the Budget and we believe we could obtain clearance in a week or ten days.

Taking the most optimistic view and anticipating Congressional and Presidential approval immediately, we would then develop internal Agency regulations and administrative procedures on a priority basis so that the benefits of this program could be realized promptly.

7. SUGGESTED ACTION BY THE DIRECTOR OF CENTRAL INTELLIGENCE

As indicated above, it is suggested that you introduce this subject in your next meetings with the CIA Subcommittees to obtain their advice and views. A suggested text for your use in doing so is provided in Attachment B.



Emmett D. Echols  
Director of Personnel

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Attachments A/S

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